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Posted at 06:00 AM ET, 03/07/2012

Rep. Issa says Obama administration produces too much paper

By Lisa Rein

Rep. [Darrell Issa](#) (Calif.), the Capitol Hill Republican with a voluminous appetite for investigating the Obama administration, has told the Energy Department it is wasting thousands of pages of paper responding to his document requests.



"The Department has delivered more than 300,000 single-sided pages in a series of productions of uncategorized paper," Issa, chairman of the [House Committee on Oversight and Government](#)



[Reform](#), wrote Energy Secretary Steven Chu last week."This approach to producing documents wastes taxpayer dollars and is inconsistent with DOE's stated commitment to reducing paper waste."

Issa criticized the agency for failing to provide electronic copies of documents his committee has requested on numerous loan programs. DOE delivered 50 boxes of single-sided paper documents to the committee on a Friday in February, on top of 30 more boxes that had arrived earlier, said the letter, which was first described by The Hill newspaper.

The paper war underscores tensions between Issa and Obama administration officials, who have dispatched dozens of lawyers at a variety of agencies to comply with requests for information and subpoenas in [investigations](#) ordered by Issa's committee.

The committee is conducting about ten probes of the Energy Department's loan program alone, including a \$535 loan guarantee to Solyndra, a bankrupt solar company whose work was touted by the White House.

An Obama administration official who was not authorized to speak publicly about Issa's letter said the complaint about too much paper was ironic, given the cost to taxpayers of complying with the congressman's requests.

"We've been saying for a year now that the sweeping requests for documents are too costly and too burdensome," the official said. "We're pleased to see that Chairman Issa finally agrees with us."

Recently released House spending records show the Oversight Committee spent \$7.43 million on copying costs in 2011. An Issa

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REP. EDWARD WHITFIELD HOLDS A HEARING ON ENERGY DEPARTMENT BUDGET

(CORRECTED COPY)

HOUSE COMMITTEE ON ENERGY AND COMMERCE, SUBCOMMITTEE ON ENERGY AND POWER HOLDS A HEARING ON ENERGY DEPARTMENT BUDGET

MARCH 8, 2012

SPEAKERS: REP. EDWARD WHITFIELD, R-KY. CHAIRMAN REP. JOHN SULLIVAN, R-OKLA. REP. JOHN SHIMKUS, R-ILL. REP. GREG WALDEN, R-ORE. REP. LEE TERRY, R-NEB. REP. MICHAEL C. BURGESS, R-TEXAS REP. STEVE SCALISE, R-LA. REP. BRIAN P. BILBRAY, R-CALIF. REP. CORY GARDNER, R-COLO. REP. MORGAN GRIFFITH, R-VA. REP. DAVID B. MCKINLEY, R-W.VA. REP. CATHY MCMORRIS RODGERS, R-WASH REP. PETE OLSON, R-TEXAS REP. MIKE POMPEO, R-KAN. REP. JOE L. BARTON, R-TEXAS EX OFFICIO REP. FRED UPTON, R-MICH. EX OFFICIO

REP. BOBBY L. RUSH, D-ILL. RANKING MEMBER REP. EDWARD J. MARKEY, D-MASS. REP. MIKE DOYLE, D-PA. REP. JAY INSLEE, D-WASH. REP. JOHN D. DINGELL, D-MICH. REP. ELIOT L. ENGEL, D-N.Y. REP. GENE GREEN, D-TEXAS REP. LOIS CAPPS, D-CALIF. REP. KATHY CASTOR, D-FLA. REP. CHARLIE GONZALEZ, D-TEXAS REP. HENRY A. WAXMAN, D-CALIF. EX OFFICIO

WITNESS: SECRETARY OF ENERGY STEVEN CHU

[*] WHITFIELD: I call this hearing to order and the subject of today's hearing is the FY 2013 DOE Budget and we only have one witness today and that's Secretary Chu and we appreciate very much your being here with us this morning, Mr. Secretary. We certainly have a lot of questions and we look forward to your comments as well and at this time, I'd recognize myself for an opening statement.

I would start off by simply saying that I think just about everyone agrees that America's air quality is among the best in the world and there's no question that the Obama administration is totally focused on transforming the energy delivery system in America and the reasons given for that are: 1) To make the air quality cleaner and 2) Ms. Jackson and others frequently talk about regulations create more jobs and I might also say that

I've never ever seen an administration go after one industry the way this administration is going after the coal industry. President Obama, when he's campaigning he was in San Francisco and he said they can build coal plants but they'll go bankrupt and he'd made comments about how bad coal is and many other people in the administration and you know, that's fine, that's you're always been using. Many of us disagree with that.

And from looking at the budget that you proposed, you've been asking for an increase, I guess, about \$856 million and in the scheme of things that's not much money but we have a \$16 trillion federal debt and any kind of increase is significant in today's atmosphere and when I look at that budget, when I read that budget, it appears to me that America is moving as fast as it can to adopt the European model for energy production and I recently read a number of articles about the things that are going on in Europe. We know that in Spain, they placed great emphasis on wind energy. They have an unemployment rate of 22 percent and there was the study from Juan Carlos University that talked about for every green job created, there was a loss of two jobs in traditional industries. And one of the things that I found most disturbing about is it looks like EPA is setting the energy policy for America.

Now the most comprehensive regulation coming out of EPA relates to Utility MACT and Ms. Jackson has never been able to give us the total cost. In fact, no one has been able to give us a total cost. Outside experts who testified it will be up to \$90 billion but EPA said that they expect to close maybe 14 gigawatts of coal plants and most, even NRCO, is saying that it will be more like 36 or 59 gigawatts and NRCO has also, in a November report, indicated there were liabilities and there will be a series issue and yet whether it's in transportation or it's in electricity production, this administration is totally moving to, on the transportation, provide all sorts of grants and loan guarantees to technologies, many of which have not proven to be able to deliver. Solyndra, we've got Fisker's, not going to open up the Delaware plant. We've got A123 Battery Systems that are closing -- that are reducing their employment.

And my time is running out here but I was just reading some of the headlines in Europe. EU faces 20 years of rising energy bills. Wind and solar subsidies are drying up in Europe. Wind turbines in Europe do nothing for emission reduction goals. Germany's rising cost of going green. Czech Electricity Grid Company ready to block German Wind Power and so my whole point is that this administration is moving so fast and so determined to transform the energy sector in America that I don't think they're giving adequate consideration to the consequences of that. So that's what as one individual representing 700,000 people I'm most concerned about and my time has expired so at this time, I'd like to recognize Mr. Rush for his five-minute opening statement.

RUSH: Thank you, Mr. Chairman and thank you, Mr. Secretary for being here. Mr. Secretary, it's always a pleasure to have you appear before this subcommittee and I want take a moment just to commend you for your knowledge, your expertise and your leadership in your work in this important agency in such a critical time in our nation's history.

As you know, high gasoline prices are on the minds of every Americans. My constituents and others are concerned about these high gas prices and I know we all understand that fuel prices are influenced by a variety of new political factors. You'll hear from my Republican colleagues, it's the president and his energy policies that have contributed enormously to these sky-high prices and of course, Mr. Secretary, you and I would agree that those have not explained why gas prices sky-rocketed from just over \$1.50 a gallon in 2001 when President Bush took office to just under \$4.00 a gallon the spring 2008 before the Bush recession took our economy over nuclear but that's an argument for another time, I won't relate with that on this moment. Mr. Secretary, as the person who heads the Energy Department, I would like to hear your thoughts on how the Obama administration's policies have helped the American consumers to fuel efficiency measures, to promotion of renewable sources of energy and other forward thinking policies that are necessary to move America forward and to wean us off imported oil.

I would also like to get your comments on the record regarding the levels of fuel consumption, importation of

foreign oil and oil and gas production during the Obama administration. The research that I've seen showed that under President Obama, we are importing less oil now than any other time in the last 13 years. Research also shows that we are producing more oil now domestically than we were at any time in the last eight years.

In fact, since President Obama opened up means for new access for oil and gas exploration, the U.S. now has more working oil and gas rigs than the rest of the world combined. Additionally, your agency recently reported that the average fuel demand has actually dropped 6.7 percent as compared to the same time last year.

Yet, despite all of these, gas prices have continued to climb much faster and far earlier than in previous years and of course, my friends on the other side, those who want to blame the president and those who got a keen eye, a sharp eye toward the November 2012 elections are using this as a way to make political hay of the administration's policies.

As you will hear repeatedly, time and time and time again, the (inaudible) of those on the other side will be pointing a finger at the president and solely at the president. Mr. Secretary, again, I want to welcome you today and I look forward to your testimony. I look forward to you setting the record straight, finally I hope, setting the record straight but I'm not too confident that even though you will set the record straight that it will remain your own comments and in the past as they have been, will be disjointed, taken out of context and used for political mileage and political verbiage and used for political gain.

But please inform the American people on the two benefits of having an energy policy that is forward looking and (inaudible) here for the future so the Congress will not have the same finger pointing debate 10, 20 or 30 years down the road.

Thank you, Mr. Secretary and I yield back the balance of my time.

WHITFIELD: Thank you, at this time, I recognize the Chairman of Full Committee, Mr. Upton of Michigan for five minutes.

UPTON: Thank you, Mr. Chairman and Mr. Secretary, welcome.

Today's hearing on the Department of Energy's Fiscal Year 2013 Budget comes at a very critical time for energy policy in the country for sure. Gasoline prices continue their march toward and probably past \$4.00 a gallon. We remain dependent on unstable foreign sources of oil despite abundant untapped domestic supplies, as well as Canadian supplies that this administration so far has blocked from coming into the U.S. At the same time, residential electricity prices have been increasing every year over the last decade.

Mr. Secretary, you have raised some eyebrows with your comments on gas prices early on and about the administration's overall energy policy. Many of us were stunned by your past suggestion some time ago that, "Somehow, we have to figure out how to boost the price of gasoline to the levels in Europe." And more recently, just last week you were asked whether your overall goal was to lower gasoline prices and your answer was "no." You said the goal was to decrease dependency on oil - a long-term goal for sure - which means we're not necessarily focused on reducing prices for families and small businesses that are struggling today.

Increased energy prices mean American households are spending a greater percentage of their incomes on energy costs, leaving them with less money for food, healthcare, education and other basic necessities.

So what has the president done to help us? Well, he twice rejected the Keystone pipeline project and the job creation and secure energy supplies that it would deliver. His solution to higher gas prices appears to certainly threaten our emergency oil supplies by tapping sprawl rather than opening more federal lands to domestic

energy development. And instead of eliminating regulatory red tape, he's imposed costly new regs on our power sector that certainly is going to drive up electricity prices.

He recently did begin to brag that he supports an "all of the above" energy policy but these actions look more like a policy of "nothing from below." Oil production opportunities remained blocked. Layers of new federal regs contemplated for natural gas development. Costly rules designed to squeeze out coal. And the sad saga of Yucca Mountain, halting development of a long-term repository and raising questions about our long-term nuclear prospects.

So the president's proposed FY 2013 Budget for DOE is not an "all of the above" rather, it seeks to transform energy portfolio based on unproven and more expensive alternatives. Certainly, his budget proposes to slash funding for proven energy resources such as coal, nuclear and hydro, while significantly increasing funding for high- cost, high-risk energy alternatives.

And although, many of us do support alternative energy sources, they are laudable goals and there is a place for research for sure but the questions that are placed is to whether or not they really produce a healthy overall economy.

So we welcome your testimony today. We look forward to your answers and I yield the balance of my time to Mr. Barton.

BARTON: Thank you, Mr. Chairman and Secretary, it's always good to see you. We'd love to have you come before us and give us your views on the study of the Department of Energy. Today, we're going to talk about DOE's budget and we saw that the total budget request by the president was a little over \$27 billion and just coincidentally, I saw that overall the Obama administration last year spent over \$24 billion on alternative energy projects. It's obvious that some of that money hasn't been too well spent. I continued to be concerned about Solyndra. I continue to believe that that project has been mismanaged by your department. I am going to ask you some questions when I'm allowed to, what changes if any have been made in the management of the loan guarantee program. It's obvious that mistakes have been made and I think some laws have been violated with regard to the subordination situation but I would hope that you'll be able to tell me that things are being corrected and those practices (inaudible) happened again but we're always glad to see you, sir and we look forward to your answers.

I would yield to whoever I'm supposed to. If not, I'll yield back to the Chairman.

WHITFIELD: The gentleman yields back. This time, I'd like to recognize the gentleman from California, Mr. Waxman, for a five-minute opening statement.

WAXMAN: Thank you, Mr. Chairman and Secretary Chu, we're pleased to see you again at our committee.

There are a lot of energy challenges that we're facing and you're going to be asked about them by the members of our committee but the American people are concerned about high gasoline prices and I think because of our dependence on oil -- oil itself, that is leading us to higher prices in gasoline. Oil is priced in the world market and so even if we produce more oil in the United States, that's not going to lower the price of gasoline here because we have oil price based on what the world price is. Canada, for example, should be the utopia that Republicans pray for. In Canada, they produced more oil than they consumed and yet their prices are just as high as ours and the people are complaining about the high price of gasoline as well.

So when we hear Republicans saying produce more oil, they're doing what the oil companies want but it's not going to reduce the price of gasoline. Energy economists tell us the Republican plan is not even remotely possible to reduce the price of gasoline. They have zero effect on gasoline prices so we need to face reality and the reality is that oil prices are determined on the global market and no matter how much we drill here,

our gasoline prices are going to rise if there's a crisis in the Middle East, if there's a fear about disruption from Iran, if there's a labor unrest in Nigeria, if OPEC says that's there's too much oil and they decide to reduce the supply and the demand is increasing in China and in India. So there's only one way we can protect ourselves from the impacts of rising oil prices and that's if we reduce our demand for oil. That brings us to another challenge that we face -- we have to invest in clean energy to diversify and reduce our energy use. We're locked in a competition with China and other countries and the future of clean energy and if clean energy is our future and we're not investing in that as House Republicans call us to strike those investments, we are going to lose out on jobs and the future.

We have to also confront the enormous challenge of climate change that threatens our economic strength, our foreign national security and the health of our citizens. Rather than confront this challenge, the Republicans denied the science and they vote to block all action on climate change. Democrats and Republicans in Congress seem to have two completely different visions of our future. The president says we need to listen to scientists and energy experts and become the world leaders in clean energy economy of the future. House Republicans deny the science and they seem to want to obstruct the president every step of the way.

In spite of these constant obstructions and attacks on common sense policy, the administration has made significant advances. The president has acted to cut the emissions of cars and trucks, doubling the fuel efficiency of our fleet as a result of our energy dependence on oil that has declined. The Department of Energy has made significant investments in renewable energy and we're seeing the results. Even while our economy has struggled during the last three years, the solar industry doubled the number of American solar jobs from 46,000 to more than 100,000. U.S. windmill history has added more than 35 percent of all new generating capacity over the past four years, second only to natural gas.

The percentage of those wind components manufactured in the U.S. has more than doubled. The Department of Energy is looking at the weatherization program to improve energy efficiency of more than 750,000 homes across the nation. That's a savings for low-income families on an average of \$437 a year in heating and cooling costs alone. You won't hear much about these accomplishments from the Republicans. They're going to talk about Solyndra and Keystone. We'll hear the president's budget didn't include enough money for fossil fuels or nuclear power. We're not going to hear about real solutions from the Republicans. They're playing politics with this issue. We need to get on with the job of making sure America is less dependent on oil and we have future in the clean energy sector that our consumers could face lower gasoline prices as we move away from our dependence on oil.

I yield back my time.

WHITFIELD: Thank you, Mr. Waxman. That concludes the opening statements and as I said earlier, we only have one witness today and that's the Honorable Steven Chu, Secretary of Energy in so much, Secretary, you're recognized for five minutes for an opening statement.

CHU: Thank you, Chairman Whitfield, Ranking Member Rush, Chairman Upton, Ranking Member Waxman and members of the committee. Thank you for the opportunity to discuss the Department of Energy's FY 2013 Budget request.

To promote economic growth and strengthen security, President Obama has called for "all-of-the-above strategy" that develops every source of American energy. The president wants to fuel our economy with domestic energy resources while increasing our ability to compete in the clean energy race.

The department's FY13 budget requests \$27.2 billion is guided by the president's... WHITFIELD: Mr. Secretary, excuse me for interrupting just a minute. Mr. Rush said that he could not hear you. Is your microphone on? I'm wondering -- actually, I've been having difficulty hearing you as well as -- the person in charge of the audiovisual could crank it up again a little bit?

You know, that seems to be better. All right, thank you.

CHU: To promote economic growth and strengthen security, President Obama has called for the "all of the above strategy" that develops every source of American energy. The president wants to fuel our economy with domestic energy resources while increasing our ability to compete in the clean energy race.

The department's FY13 budget request of \$27.2 billion is guided by the president's vision of 2011 strategic plan and our inaugural Quadrennial Technology Review. It supports leadership in clean energy technologies, science and innovation and nuclear security and environmental cleanup.

Decades ago, the Energy Department supported and helped to develop the technologies that have allowed us to tap into America's abundant shale gas and a myriad of oil resources. Today, our investments can help advance technologies that will unlock the promise of renewable energy and energy efficiency.

The budget request invests approximately \$4 billion in our energy programs. It advances progress in areas from solar to onshore wind, to carbon capture utilization and storage to smart grid technologies. And it helps develop the next generation of biofuels, advanced batteries and fuel-efficient vehicle technologies to reduce our dependence of foreign oil, which every day places a crushing burden on families and our economy.

As the president and I've said, "There's no silver bullet but we can and must pursue a serious, long-term "all of the above" approach that diversifies our transportation sector, protects consumers from the high gas prices, harnesses American resources and creates jobs here at home." That's exactly what this budget does.

The budget request also invests \$770 million in the nuclear energy program to help develop the next generation of nuclear power technologies including small modular reactors. It includes funding for continued nuclear waste R&D, which aligns with the recommendations of the Blue Ribbon Commission on America's nuclear future.

As we move to a sustainable energy future, America's fossil fuel energy resources will continue to play important role in our energy mix. The budget includes \$12 million as part of the \$45 million priority R&D initiative of the Departments of Energy, Interior and EPA to understand and minimize potential environmental, health and safety impacts of natural gas development through hydraulic fracking.

The budget also promotes energy efficiency to help Americans save money by saving energy. It sponsors R&D on industrial materials and processes to help U.S. manufacturers cut costs. To maximize our energy technology efforts in areas such as batteries, biofuels, electric grid technologies, we're coordinating research and development across our base and applied research programs and ARPA-E.

And to encourage manufacturing and deployment of clean energy technologies, the president has called for extending proven tax incentives including the Production Tax Credit, the 1603 program and the Advanced Energy Manufacturing Tax Credit.

Competing in the new energy economy requires our country to harness all of our resources, including American ingenuity. The budget request includes \$5 billion for the Office of Science to support basic research that could lead to new discoveries and help solve our energy challenges. It continues to support energy frontier research centers, which aimed to solve specific scientific problems to unlock new clean energy development. It also supports the five existing energy innovation hubs and proposes a new hub in electricity systems. Through the hubs, we're bringing together our nation's top scientists and engineers to achieve game changing energy goals. Additionally, the budget request includes \$350 million for ARPA-E to support research projects that could fundamentally transform the ways we use and produce energy. Taken together, our research initiatives will help rev up America's great innovation machine to accelerate energy breakthroughs.

In addition to strengthening our economy, the budget request also strengthens our security by providing \$11.5 billion for the National Nuclear Security Administration.

Finally, the budget request includes \$5.7 billion for the Office of Environmental Management to protect public health and the environment by cleaning up radioactive legacy waste from the Manhattan Project and the Cold War. This budget request builds on the progress that has been made by the program. By the end of 2011, the program had reduced its geographic footprint by 66 percent - far exceeding its goal of 40 percent.

The budget request makes strategic investments to promote our prosperity and security. At the same time, we recognize the country's fiscal challenges and are cutting back where we can. We're committed to perform our work efficiently and effectively. Countries around the world recognize the clean energy opportunity and moving aggressively to lead. This is a race we can win but we must act with fierce urgency.

Thank you and now I am pleased to answer your questions.

WHITFIELD: Thank you, Secretary Chu and I recognize myself for five minutes of questions.

I had mentioned in my opening statement about the Utility MACT, which is one of the big regulations currently of EPA and the thing that bothers me the most about it is that it was basically explained that the reason that we had to do this was primarily for mercury reductions and some acid reductions and whenever Lisa Jackson talked about it or anyone else they talked about this is the reason because we are going to save X thousands of people from premature death and whatever and whatever and whatever and yet, in their own documentation, it was very clear that mercury reduction had no significant benefit from Utility MACT that any of the benefits came from double counting reduction in particulate matter and I would just like to know where you involved at all in formulating Utility MACT or discussing the implications of Utility MACT or the benefits of Utility MACT?

CHU: We were involved to the extent that when we're asked to provide technical information; for example, potential impacts of having to do with the reliability of transmission distribution of energy. We've provided that technical information to the EPA and things along those -- I remember those especially some of the concerns the EPA, what plants -- what power-generating stations -- was there any threat to the delivery of system for the continued reliability of the system.

WHITFIELD: Are you concerned that EPA had estimated that there would be a 14 gigawatt reduction in coal production of electricity and NRCO is saying it would be more in the neighborhood of 36 to 58 gigawatt reduction and it also raised issues on reliability. As Secretary of Energy and responsible for reliability in a lot of these issues does that concern you?

CHU: Well, when we looked at the -- again, with -- in discussions with NRCO and EPA, we looked at the mechanisms and felt that there were procedures and mechanisms in place so that the American public that should something occur because it's not taking on the average the aggregate for each particular sector that receives electricity would one be able -- would the companies be able to supply electricity in a reliable manner and so we certainly work with those agencies to say that there were mechanisms in place to respond should something occur.

WHITFIELD: So you (inaudible) reliability issue from the information that you have?

CHU: No. We -- of course, we are concerned about the reliability. That is one of the very important duties of the Department of Energy.

WHITFIELD: What about this -- I am disturbed. I think EPA misled the American people on Utility MACT because all they ever talked about and even many of our friends on this side, albeit not all of them but every

time there's a public statement, they talk about what the reduction of mercury emissions is going to be and all of the analysis, all of the data indicates that there is insignificant benefit for mercury reduction. So if EPA is selling it based on that benefit and that benefit is not there, then why would you be moving forward with such an expensive regulation that will potentially affect reliability and as well as the increased electricity prices.

CHU: Mr. Chairman, I can't speak directly to the mercury standards that EPA is talking about, mostly and mainly because that isn't the preview (ph) of the EPA to protect the air, to protect America's health and our role is in determining power distribution reliability, our role is in developing technologies to make coal -- so we can help industry to reduce the price to continuous coal but in a much cleaner way.

WHITFIELD: We know -- I mean -- I just have philosophical difference I guess with you also because we have the \$16 trillion debt, ARPA-E, you're asking for plus of up to 27 percent on that -- basically that's used for very speculative technology. You've asked for 30 percent increase on energy efficiency and renewable energy grants and I was reading the biography of Henry Ford and when he started Ford Motor Company, he gave it all with private investment and just like on Fisker, he had Kleiner Perkins putting up a venture capital there and I'm just questioning why should the federal government be putting out these millions of dollars when we're in the financial situation that we're in and it's very speculative. So what is your belief?

CHU: Well, I'm very supportive of ARPA-E. There was a very recent ARPA-E Third Summit that was at the end of February -- there was great excitement and enthusiasm in leaders in American industry including Fred Smith of FedEx up in the paraphrase where he'd said when he gave one of his talk there, he said "pound for pound, a dollar for dollar." He felt that ARPA-E was the most effective use government resources he has seen a long time. That's a paraphrase that we can get you the exact quote but strongly supportive of ARPA-E. Lee Scott similarly strongly support ARPA-E. Many, many people thought that it was very important to help America get a leg up and increase its competitiveness and help our prosperity.

WHITFIELD: Thank you, Secretary Chu. Mr. Rush, you're recognized for five minutes.

RUSH: Thank you, Mr. Chairman. Mr. Secretary, as I've stated in my opening statement, I am interested to set the record straight in regard to the numbers of oil and gas production importation and consumption during the time that President Obama has been in office. While some of my colleagues may engage in a scorched earth strategy and in this instance blame game gambit and this points to the administration's policy in this. The singular cause for arising gas crisis, I believe that in fact, your agency is full of (inaudible) policies that will help America move past our dependence on foreign oil and fossil fuel in general so that we will not continue to have this debate every year as gas prices inevitably arise.

So Mr. Secretary, can you talk about the levels of oil and gas reduction under President Obama's administration? Has the production increased or decreased and have new lands and open (inaudible) were drilling under this administration?

CHU: Well, Mr. Rush, as you, yourself, pointed out, in the last -- during the Obama administration, the production of petroleum liquids in the United States have increased now and I believe, it's the highest as it's been in over eight years. Also, as you pointed out, the fraction of the oil import has declined from 60 percent as a high and now it's down below 50 percent/48 percent and they're showing signs of further decline. This is very good because this means we're exporting fewer dollars abroad and as we produce more oil here domestically, that's jobs in America, wealth creation in America. So the administration is very supportive of this increase in gas and oil.

RUSH: Well, as it relates to me, implementation of oil, can you discuss to me the amount of oil that is being imported today as compared to before President Obama took office? Are we importing more or less oil for foreign countries under this administration?

CHU: We're importing less and roughly, I believe less in the last 16 years as my memory serves me correct.

RUSH: For the record, (inaudible) American consumption of gas increased or decreased over the past year, and is the change -- what do you attribute to that change? Can you discuss some of the policies that have gone into events under President Obama that have impacted consumer habits and lower U.S. consumption of gas?

CHU: Are you speaking of gas as in gasoline or gas as natural gas?

RUSH: Gasoline. I'm sorry.

CHU: Well, our -- our consumption of gasoline has decreased in part for these two reasons. First, there was a dramatic decrease unfortunately due to a very severe recession that we're slowly climbing out of. But there's another very important part and that is -- and we wanna climb out of this recession as quickly as we can. There is another part and that is the efficiency. The use of gasoline is -- is improving and this goes directly to help every American family in reducing the amount they spend of gasoline every week. And so again, the Obama administration has been very supportive and hopeful and leading the way indeed in improving the efficiency of automobiles, trucks, and other vehicles.

RUSH: As part of your responsibility, and a part of your concern I'm sure is the winning of the American consumer on fossil fuels and our having dependence on fossil fuel too and also foreign sources of energy. What policies do you have in place and give us (inaudible) priority for the American people and for these families?

CHU: Well, the policies the president has taken in terms of increasing our production of oil and natural gas include the making available for at least an increase in the federal lands being made available for lease of (inaudible) natural gas. And so, that has continued to increase and we'll continue so that the multinational, the American oil and gas companies have more access to federal lands?

RUSH: Thank you and my time has expired.

WHITFIELD: Thank you, Mr. Rush. And this I recognize the gentleman from Michigan, Mr. Upton for five minutes.

UPTON: Thank you, Mr. Chairman. Mr. Secretary, again welcome. I learned that literally in the last few minutes that apparently President Obama is personally weighing in on members of the Senate to vote no on the Keystone Pipeline Amendment which is gonna be an amendment that's part of the Highway Bill today and I'm not happy about that all. I will say that for the record, we passed that bill out this committee a couple of times with bipartisan support. We saw the same thing on the House Floor.

Are you weighing in at all with any senators on this amendment vote today?

CHU: No, I'm not.

UPTON: I know it's been reported that oil production on federal lands has dropped 14 percent since 2010, and in reading from the Greenwire last week, and let me just read a couple of things to you here; "Domestic oil production may be in an all-time high nationwide but the increases primarily occurring on state and private lands rather than on federal land and water where production appears to have dropped significantly in 2011, according to the most recent government data. Production of natural gas in public lands and waters in fiscal 2011 dropped 11 percent from the previous year, according to the Interior Department. Oil production dipped nearly 14 percent. The reduction in oil production was most significant in the Gulf Mexico where a dip decline nearly 17 percent to 514 million barrels from 618 million barrels the previous year." And in a chart on oil and gas production on federal lands and waters, it appears that it's declined in oil by a 100 million barrels

from 2010 to 2011.

Now, we agreed that sadly because of our decline in our economy as the main reason why I think consumption has gone down. We didn't get the growth. We didn't have the job. We had, I know in my state, we had 38 consecutive months of double digit unemployment and -- but as I look at your own EIA, if you look out the next couple of decades, your department says that we will be using the same amount of gasoline in 2030 as we are now.

I presume that in large part that's because we're gonna have more energy efficient vehicles and a whole number of different things that are there that of course, we want. But demand can't be the only answer and I guess my question is, that with this oil production decline on federal lands, people understanding supply and demand, a report that you all put out just two or three weeks ago, predicted that oil prices would hit \$4.25 by Memorial Day, we're one penny away in my district from \$4 of gas at least, this last weekend. And some predict that we're gonna hit \$5 gas as early as perhaps the 4th of July. In large parts it's because of declining production primarily on federal land. Would you not disagree?

CHU: Well, first I wanna say that both I and the president and everyone in the administration want very much to do what we can to lower the price of gasoline because it has severe effect on the (inaudible) of Americans and it affects American businesses.

In terms of the federal lands production, what the government does as you all know, is we -- we lease land to oil companies and it's up to them to produce the oil. Currently they...

UPTON: But right now, let me interrupt for a second, it's proposing a five-year leasing plan that would delay sales in the Atlantic or Pacific through at least 2017. So, it's looking for yet another moratorium for five more years. How does that help us? CHU: Well, it's not my understanding. It's -- my understanding it's been different. This is a plan that will be for example in the Gulf of Mexico, the federal jurisdiction being made available is 75 percent of the area in the Gulf of Mexico that is under federal jurisdiction. And so, it's a plan to increase the leasing. Now...

UPTON: I was in -- I was in the Gulf last summer. And I went out on a rig that was 120 miles off the coast of Louisiana. That day, they pumped a 110,000 barrels and looking out a couple of miles away, there was another drilling ship that was there and they're awaiting for the permits. Just waiting. They're spending -- Chevron on this -- because it's a Chevron rig. They are literally waiting for weeks and weeks paying millions of dollars every day so that that ship wouldn't unanchor and go off to Brazil where they would never see it again, in essence trying to tap the same vein that Tahiti grill -- rig was drilling that particular day.

And the frustration from so many folks there that the permits are not being approved, this moratorium is there, and when that a-third of our oil comes from that region, you got Keystone literally could be a million barrels a day that otherwise we'll go to China, it just seems that we are turning our back on -- on independence from the rest of the world that would clearly help our consumers as it relates to their own pocketbook.

And I know my time has expired. I yield back.

WHITFIELD: Thank you, Mr. Upton. At this time, I recognize the gentleman from Michigan, Mr. Dingell for five minutes of questions.

DINGELL: Mr. Chairman, I thank you for your courtesy. Welcome, Mr. Secretary. I'm delighted to see you here. I have a number of questions which I will ask that you need to respond to by yes or no.

It's been a year since your Loan Program Office approved the loan from the Advanced Technology Vehicles

Manufacturing Program. As you know, that program was created to provide the auto industry with incentives to build or expand manufacturing facilities here in the United States instead of taking those jobs overseas. Loan recipients such as Ford and Nissan have successfully built and expanded facilities in Michigan, Tennessee, Illinois, Kentucky, and other states.

Question, is the Loan Program Office working to streamline the approval process so that Africans can be assured they will not be waiting for years to find out if their application will be approved? Yes or no?

CHU: The loan program is working to improve their processing in all aspects.

DINGELL: Mr. Secretary, I will ask that you submit something on this for the record and I ask you now (inaudible) my letter with those questions and your responses be inserted on the record.

Next question, has the Loan Program Office implemented any of the recommendations of the Allison Report to protect taxpayer dollars and provide a uniform system for evaluating loan applications? Yes or no?

CHU: We have actually begun to change over the past year and a half many of the things that the Allison Report discusses. So, we internally have been doing that and we are reviewing all the things that the committee did it's very valuable concentration and we'll continue to improve our loan program.

DINGELL: Now, Mr. Secretary, I'm very much concerned about this; the lack of funding for the facility For Rare Isotope Beams or FRIB within the nuclear physics program. I'm told that the funds allocated to that program in fiscal year 2013 budget are not enough for them to start construction in this year.

As of now, the program and the project is on time and under budget. Furthermore, the facility will generate 5,000 construction jobs, 400 permanent scientific positions, and have a \$1 billion economic impact. I notice that in other programs within the Office of Science, the president is proposing to increase funding for scientific projects overseas. I believe that we should first ensure that we're meeting our project obligations here at home before sending our money and scientists abroad.

Do you agree with that?

CHU: We -- we are very supportive of FRIB. We've asked for \$22 million to continue this project going forward and we hope that Congress votes and appropriates that money. So, we -- we want this project to continue and go forward.

With regard to this other project you spoke about, it's in a different part of physics but the thing I do want to point out is it's an international collaboration but 80 percent of the funds will be spent in the United States, both in natural laboratories, universities, and in industries in the U.S.

DINGELL: Now, Mr. Secretary, your department has already invested \$50 million FRIB project. I am concerned about the project -- progress at FRIB. What is the commitment that the department makes with regard to FRIB? Are we going to let it sort of strangle on the vine or are we gonna see to it that it continues to be funded even though this year, we have not given them enough to commence the construction?

CHU: Well, sir, as I said, we think that FRIB is a worthy project. We've asked for continued funding and we hope that Congress allows this to have that funding, that we can keep this project going forward.

DINGELL: Now, Mr. Secretary, you know I have great affection and respect for you but you can't lay this (inaudible) Congress. I'm talking about what the budget does and not what the Congress might do. Now, Mr. Secretary, FRIB will have national security implications and applications such as studying the detection of a nuclear weapon or a during bomb detonation.

I do not believe that we could pursue these types of national security opportunities and applications and facilities overseas. Doesn't that tell us that we should put our money here locally rather than giving it to other countries to this kind of critical research and programs that will have such a significant impact upon our national security?

CHU: The funds as I said -- the lion share of the funds for ITER, this international fusion project will be spent in the United States and the Department of Energy agrees as the other ITER partners that this is a very important experiment that could perhaps unlock fusion energy for the future.

DINGELL: Again, Mr. Secretary, with great affection and respect, we're gonna spend some money in the United States, we're gonna build a facility abroad, and the work and the benefits will be -- that will be achieved from this will be spent abroad and will strengthen foreign scientific applications as opposed to Americans. I find this disgusting. I thank you for being here. I will follow this up with a letter indicating further distress to you, Mr. Secretary. Thank you for your presence.

WHITFIELD: This time I recognize the gentleman from Texas, Mr. Barton for five minutes.

BARTON: Thank you, Mr. Chairman. Again, thank you, Mr. Secretary for being here. In my opening statement I referenced to the alternative energy budget and specifically said concerns about the Loan Guarantee Program. As you know, we continue to have an ongoing investigation with regards to Solyndra and the last hearing that you attended, I believe, with the focus was on Solyndra, you were very supportive of the way the Loan Guarantee Program had been managed. But I think you did indicate that there might be some changes forthcoming. Have there been changes in the way you and your department has managed to Loan Guarantee Program for alternative energy and if so, could you tell us what those are?

CHU: Yes, sir. There were changes. Let me give you a few examples. We know that sometimes the economics of a particular industry, for example in the case of Solyndra, the solar affordable pegs can change very rapidly. A 40 percent decline in the price of solar modules essentially a commodity in one year, a 75 to 80 percent decline in three years. And one of the things we now do on a weekly basis is we look very, very closely at changing (inaudible) conditions. We established a risk committee that includes people both within the loan program and outside the loan program and subject matter experts in the Department of Energy.

Also, I now have an independent adviser on financial matters that looks very closely at this, again, an independent set of eyes to make sure that we monitor closely before future disbursements all the things that could affect the loan including the things outside the control of an individual company like, very rapidly declining prices.

BARTON: Concerning that -- this independent adviser you just referenced, has he prepared and if so, could you present it to the committee for our review a list of the additional loan guarantees and the status of those, and what if any of those might be in danger of following Solyndra and defaulting and going into bankruptcy.

Or at least one other has since Solyndra, and I'm told that there are a number of others that are on the problem list.

CHU: Well, there are companies again, as I said which we watch very closely because of a wide range of issues. We also have to respect the confidentiality of any of the people that we've made loans to or commitments to make loans to.

BARTON: How about -- how many loans are on the, what I think you call, the watch list? That shouldn't be proprietary.

CHU: Well, I don't have the exact number but the...

BARTON: Is it a double digit number? Is it you know, is it between one and ten, ten and twenty?

CHU: Well, what we -- I don't again, recall the exact number. I'm gonna be briefed by my senior advisor Richard Kauffman on this matter but this is -- this -- again, any company that would be -- that we think has a chance of being subject to market change or market gains or any other issues internal within the company, we do watch very closely.

BARTON: What do you think that the American taxpayer should have a reasonable expectation that all of these loans should be repaid as opposed to any loans that's made is just water down -- just money down the tube and it's not gonna be repaid.

I mean, you have to admit that the history so far of the initial projects has not been -- not been good.

CHU: First, I do say that the American taxpayer has every right to expect that there is a reasonable chance of repayment of the loans we give out. I would also say that many of the loans we've given out have been very good success. As already been mentions, loans for example to Ford Motor Company to Nissan...

BARTON: That wasn't alternative energy loan.

CHU: We have other loans that were... BARTON: I don't think that came through your department either, Mr. Secretary.

CHU: Sir, actually, the (inaudible) but regard to the alternative energy, there a number of loans that we feel and the Allison Report also recognizes that our low-risk has a very high probability of being paid back.

BARTON: Well, my time has expired. We will follow up in writing and we will ask that these problem loans on the watch list be provided to the committee so that our people can review them and hopefully work with your administration -- your agency to take steps to protect the taxpayers' money. Thank you.

WHITFIELD: This time right now it's the gentleman from Massachusetts, Mr. Markey for five minutes.

MARKEY: Thank you, Mr. Chairman. Mr. Secretary, there are only two tools the president has to bring down gas prices right now. Deploy the Strategic Petroleum Reserve and get other countries in the world to use their Strategic Petroleum Reserves to help to put pressure on the market place. And two, curbing excessive speculation in oil futures markets through the Commodities and Futures Trading Commission.

This SPRO has proven effective in helping to bring down prices and we have plenty of oil in this SPRO right now, 700 million barrels.

You've said, Mr, Secretary, deploying SPRO is on the table as an option. Senator Geithner, Secretary Salazar have said the same thing, that you've got it on the table.

Now, the oil companies and the Republicans, they oppose deploying the SPRO but there are oil above all policy doesn't help drivers (ph) right now. None of these oils they're taking about is coming online this year. And people are looking relief at the pump right now.

So, Mr. Secretary, Senators Vitter, Hogan, Lugar, Crapo, and Thune have introduced legislation that would prevent the president from deploying any oil from the Strategic Petroleum Reserve until he approves the Keystone XL Pipeline permit.

Do you believe, Mr. Secretary that the authority of the president to deploy the Strategic Petroleum Reserve should depend on the permitting of the Keystone Pipeline even if Iran cuts off the Strait of Hormuz and blocks 20 percent of the world's oil supply?

CHU: No, I don't.

MARKEY: Do you believe that it makes any sense to say to our young men and women that export over into the Middle East to protect the supply of oil that we are not going to use the weapon we have here in the United States, the Strategic Petroleum Reserve in order to keep the price of oil low and not allow Iran to threaten us unnecessarily?

CHU: Well, as -- as you've noted, the administration has said repeatedly that the Strategic Petroleum Reserve is on the table but it's a very complex issue.

MARKEY: But it would be a bad idea, would it not, to strip the president of his authority to use it unless he approves the Keystone Pipeline?

CHU: I agree.

MARKEY: Thank you. Now, on the CFTC, the Republicans have a bill that's come out of Agriculture Committee and come out of -- out of the Financial Services Committee that would stop all rule-makings that gives the CFTC the authority on speculation, on margins, on position limits, on gouging, on protecting the public in the Futures Oil Market where so much of this is just speculation being driven up, driving up the price of oil. Do you think it's a bad idea to strip the CFTC legislatively of their authority to be able to protect against the gouging in the market place?

CHU: Well, no one would be in favor of gouging.

MARKEY: The Republicans believe you need the rule-makings at the CFTC, are they right or wrong, Mr. Secretary:

CHU: The -- everyone is very concerned.

MARKEY: No, everyone is not concerned, Mr. Secretary. The Republicans want to strip out the authority of the CFTC to go against manipulation, to go against -- to deal with margin issues, to deal with the position limits. Is that a bad idea?

CHU: Well, as I said, if you please let me finish. Everyone is concerned about speculations unnecessarily driving the price of oil up. We -- we -- this is why the administration, and one of the things that can counter speculation is more transparent information and -- and this is why the administration is very focused on that.

MARKEY: So, we need to stroll (ph) and we need the administration to have the authority to be able to crack down on the speculation, making sure there's more transparency and no game playing. And I will also say that there is a proposal out there to create an international natural gas market. Right now, you know, Mr. Secretary, there is no international natural gas market. Price of natural gas in China is six to seven times higher than in the United States. It's three times higher in Europe than it is in the United States. That's leading to a boom in manufacturing in our country. It's really leading all new planning on natural gas vehicles because the price is so low and many utilities are really completing how fast to switch over from coal over to natural gas.

There's an application for eight new licenses that are before you to export this natural gas which your own agency says could raise the price upwards to 54 percent. I urge you to call a timeout, Mr. Secretary to make sure that we get this right.

You have an assistant secretary that made a statement last week that really disturbed me. I would urge you not to approve these licenses until we put together a plan for the United States on liquefied natural gas exported from our country.

Chairman: The gentleman's time has expired. At this time, I recognize the gentleman from Texas, Dr. BURGESS for five minutes.

BURGESS: I thank you, Chairman for the recognition. Yes, Mr. Secretary way back here.

Let me ask you because Mr. Barton was asking you some questions about the loan guarantees at Solyndra. When you came to us in November of last year, it seemed to be news to you that there were postponement of layoffs that occurred at the company, those postponements to take the layoffs past election day before they were announced and -- and you seemed to be surprise that that had in fact occurred. And I think if I recall correctly, you said you were going to look into that. So, can you share with us the results of -- of your investigation? What information you've uncovered as to why those -- those layoffs were postponed past the election day?

CHU: We turned the matter over to the DEIG, the Department of Energy I.G. and they're looking into the matter and when they tell us what they find, we would be -- we could share that with you.

BURGESS: I pray you do. But so far, have you identified any of your staff in the Department of Energy that were involved in making that decision?

CHU: No. As I said, we turned the matter over to the DEIG and so that is an independent look at what happened.

BURGESS: Have you yourself have been interviewed by the inspector general on this issue?

CHU: No, I have not.

BURGESS: Have you been informed that that's likely to happen?

CHU: No, I have not.

BURGESS: Are you willing to talk to the inspector general about this?

CHU: I've always cooperated with the I.G.

BURGESS: Let me ask you a question about the Allison Report. Congressman Barton was asking about the watch list. Can I just you and I respect the fact that -- that you're concerned about some (inaudible) issues, but would you provide to the committee or committee staff this watch list, to provide the copy of the list to the committee?

CHU: Well, actually I was slipped a note and I misread it. It turns -- it appears as though the committee staff -- this committee staff will be getting a briefing from Richard Kauffman, my special adviser next week on this -- on the (inaudible) program and the Allison...

BURGESS: Is that the full committee staff or just the Democratic staff?

CHU: I think it's the committee staff -- full committee staff.

BURGESS: But, may I ask as a member of the committee then that you would have your guys bring that list to that briefing?

CHU: Well, we will do what we can. But again, we're gonna give you...

BURGESS: We need your commitment, sir, that we will be able to see that list because it is important as far

as congressional oversight on this process going forward.

(CROSSTALK)

BURGESS: I think we can all be criticized about the way things was handled -- been handled so far. I'd like to be able to stop the bleeding at some point. So, is it -- let me just ask you for your commitment to make that list available for the staff.

CHU: We have to look at -- again, we don't want to violate the -- the confidentialities of these -- the dynamics of what happens to these companies changes very rapidly, and so it's -- it's -- it's again, part of our...

BURGESS: If I may, sir, the taxpayer has taken a pretty bad hit on this and while I want the companies to do well, I think at some point, we may have to put the taxpayer's needs and wants ahead of those of the companies. Again, I cannot see a reason why you could not bring that list and -- and I for one, as a committee member am going to be expecting you to bring that list.

Let me ask you a question. You had the chief financial officer of your department, the Department of Energy had produced a report on uncosted balances in 2010 and just on the purpose in the background notes at the beginning of this report, it said your approach was developed in '96 to response to TAO criticism that the department did not have a standard effective approach for identifying excess carryover balances that might be available to reduce future budget request. To address this concern, you establish percentage thresholds.

So, where are we with that? Are you prepared to produce for this committee the -- those numbers on that -- that percentage threshold that might be available to offset the numbers you're requesting in your budget?

CHU: Yes. We've been working very aggressively at reducing these uncosted balances in the last several years.

BURGESS: Well, the GAO estimated that this current fiscal year, it's in excess of \$680 million from carryover programs. What's your justification for asking for funding increases in programs with significant carryover balances?

CHU: I believe that the lion share of that amount has to do with the program with carbon capture sequestration which means that you, according to the statute, we need a significant private sector investment over -- a (inaudible) of over half and some of that has not materialized because if -- we have an uncosted balance because the private sector doesn't want to coinvest. There's not much we can do about that.

WHITFIELD: Gentlemen, your time has expired. At this time, I recognize the gentleman from California, Mr. Waxman for five minutes.

WAXMAN: Thank you, Mr. Chairman. Mr. Secretary, people are complaining about the high price of gasoline prices, understandably so, and we wanna help. But do you see any short-term way that lower gasoline prices?

CHU: AS you said, everybody is concerned that the high price of gasoline and diesel fuel, and we do want to help in any way we can. The -- but, as the president said, as I have said, there is no single magic bullet that can instantaneously do this.

And so we work very hard and all the tools that are disposable -- the most effective tool is that we want to improve the efficiency and to diversify the energy we use in transportation. The boom in natural gas, we think is wonderful because we now see and are very supportive and are helping offload some of the demand for petroleum onto natural gas used in transportation.

We see great movement in heavy trucking and (inaudible) trucks, things of that nature.

WAXMAN: Well, the Republicans have said over and over again that we just need more oil. If we had more oil, we wouldn't have this problem. And then of course, they would go on to say, it's the president's problem, we don't have more oil.

Well, the reality is we're producing more oil in the United States than ever before and we're using less because of the greater efficiency in the automobiles. So, if we had more oil, and oil is priced at the world price, would that lower the world price?

CHU: Well, the price of oil is very, very complex. It is certainly driven by supply and demand. It is also affected by uncertainty in the Middle East and several locations.

WAXMAN: But if we -- if we produce more oil and OPEC (inaudible) and produce less, that won't help us. That will hurt us. If we produce more oil, and more oil is being demanded by China and India, the world is gonna divert oil there as well. I mentioned in my comments earlier that Canada produces more oil than they use and yet, they're paying the same price for gasoline that we're paying.

So, it seems to me and you made this point, that we gotta look beyond to us producing more oil. We've gotta looked at using less oil. And the way to use less oil would be to invest in clean energy, to diversify and reduce our energy use. Now, that's a tough challenge.

The kind we should be helping you and the president to accomplish that goal, instead Republicans at Congress attack every proposal, you and the president make. Every idea you offer, every initiative you take, for example, battery manufacturing as an industry that's been dominated by Southeast Asia for decades. The United States has essentially no capacity. So, the administration changed all that. And in the end, the way I understand you will change it, is to use the Recovery Act to intensify the development, manufacturing supply chain for vehicle batteries and here in the United States, we have a domestic production of the Chevy Volt, an innovative, award-winning plug-in hybrid electric vehicle.

But the Republicans seem to be rooting for failure. They're attacking G.M. on this groundbreaking product. Does it make sense for us to be rooting against American manufacturing at a time like this?

CHU: No, of course not. We should all be rooting for very innovative products that could be sold worldwide and could show industrial leadership...

WAXMAN: That makes it just so common sense. But this isn't the only example. The president proposed a clean energy standard to increase the amount of energy we get from renewable sources of energy as well from nuclear and advanced natural gas plants. Similar to what Mr. Barton proposed from the last Congress, and it's really an all-of- the-above strategy. But the Republicans don't even want to discuss this idea.

The president proposed to eliminate unnecessary subsidies for the oil industry. Last year, the top five oil companies made \$137 billion in profits. The price of oil is over \$100 a barrel. With oil at such a high price, do we need to be giving out \$4 billion in tax rates for oil companies each year to have an incentive for them to drill more oil? Can you explain that to me?

CHU: I don't believe that the oil industry is doing very well financially and the have a lot of incentive.

WAXMAN: They have a lot of incentive now, so we'd be better off with peeling those subsidies and using that money to develop sources of clean energy that reduce our dependence on oil and move us forward to a clean energy economy and yet, the Republicans oppose that as well.

I think the president's on the right track. I appreciate what he has been doing even though Congress tries to

frustrate him. And I applaud this statement about how we need to move forward in this time.

WHITFIELD: This time right now, the gentleman from Illinois, Mr. Shimkus for five minutes.

SHIMKUS: Thank you, Mr. Chairman. Welcome, Secretary Chu. I love following my -- my friend, Mr. Waxman because for us to move in the clean energy world, we have to pay for that. Isn't it true, Secretary Chu that you (inaudible) European gas prices for the United States? I mean, briefly. Yes or no? Have you been recorded saying that it would be good for us to have European gas prices?

CHU: At no time, when I was secretary of energy have I ever said...

SHIMKUS: OK, prior to?

CHU: Prior to that...

SHIMKUS: The answer is, we all know the answer is yes. And obviously that -- that's -- to move to a clean energy future based upon Americans paying worth the pump which is the desire and goal of this administration. I didn't wanna go in that direction but my friend from California empowered me to go.

Let me move to...

(CROSSTALK)

SHIMKUS: I would like to reclaim my time. Mr. Secretary, if the D.C. circuit rules against the DOE and pending Yucca Mountain litigation, will the department abide by that ruling?

CHU: Yes, it will.

SHIMKUS: If the federal court orders you to pursue the Yucca application at NRC, do you have the staff to pursue it?

CHU: If the federal court orders to do so, we will do so.

SHIMKUS: Describe the funds that could be made available from the prior years to pursue the application. This would include any carryover funds that were made available until extended. Any unobligated balances from prior years' funds that may have been obligated but not spent, and therefore subject to redirection.

CHU: I would have to get back to you on the details.

SHIMKUS: Would you do that for me, please? Thank you. As you hopefully know, this past Tuesday, the Board of County of Commissioner from Nye County, Nevada unanimously sent you a letter notifying you of their consent to host a proposed repository Yucca Mountain and requesting that you initiate the cooperative negotiations process recommended by the president's Blue Ribbon Commission. And I'd like to submit that, Mr. Chairman for the record.

WHITFIELD: Without objection.

SHIMKUS: And will you meet with Nye County to initiate a cooperative negotiated process?

CHU: Well, first we're in the process now of reviewing the recommendations the Blue Ribbon Commission. We'd also like to work with members of Congress in order to see -- because the Blue Ribbon Commission has said very clearly that they would like to see Congress look at the revision of the Nuclear Waste Act. And so...

SHIMKUS: Well, I've got the Blue Ribbon Commission we had a great testimony here with the

commissioners. On page 48 it says, the importance of the local communities. And so we have Nye County saying, we're ready to go into drag negotiation with you and looking at what you can enable forward to bring to the -- to the arena.

On page 40, it says, "This unwavering local support helped to sustain the project during periods when federal and state agencies had to work through disagreements over the issue."

So, the Blue Ribbon Commission really highlights the importance of local communities in saying, we will accept these nuclear wastes, let's get involved in negotiations. That's what your commission suggested. We have a local county that's taken you up on the offer of the Blue Ribbon Commission. I hope that you would then talk to the good folks at Nye County and -- and get into negotiations as the Blue Ribbon Commission had suggested which is the commission that you asked for.

CHU: Well, we have to set up a process that can do this. It's certainly the Blue Ribbon Commission says that you need a local support, I would also add, I think the Blue Ribbon Commission said this as well, you also need states support and...

SHIMKUS: Well, let me quote from this. On page 48 it says, "This unwavering local support helped to sustain the project during periods when federal and state agencies had to work through disagreements over the issue." So, the Blue Ribbon Commission said, you know, Norway, Finland, Spain; local communities is very helpful in working through the disagreements from the states or the national government.

I think that we have a local community that's fulfilling the intent as identified by the Blue Ribbon Commission. I would think that the Department of Energy would welcome that because the Blue Ribbon Commission said two things, right?

It said that we can't -- we're not disregarding Yucca. We have so much nuclear waste, we need a second long-term geological repository.

CHU: Right. That's true. They did say that. And we welcome local community support.

SHIMKUS: So, you'll welcome Nye County when they come to you?

CHU: May I answer?

WHITFIELD: Yes, sir. Go ahead.

CHU: Again, I think we need to set up a procedure so that we can deal with this thing as rapidly as possible. And so...

SHIMKUS: I would hope you'd consider Nye County.

WHITFIELD: The gentleman from Texas, Mr. Green is recognized for five minutes.

GREEN: Thank you, Mr. Chairman and I regret Ranking Member from California on our side is not here because I know this is not Waste and Means Committee but you know, I know California benefits from the high-tech industry and motion picture industry and it may be pretty financially successful and I don't know if we're gonna take away their incinerators and reducing their products in our country like I hear all the time on oil and gas. I'd like to have those incinerators continue but let me you some questions about one specific question.

For many years, the Texas Center of Super Conductivity at the University of Houston has been doing great work in a field that shows promise. From 1993 to 2011, the federal government financially supported the

need for continuing science in development and demonstrations in this field to keep the technology leadership in the U.S. and later the foundation with the growth of well-paying research and manufacturing jobs.

Unfortunately, the lined item for super conductivity technology funding was eliminated two years ago. What does the U.S. government and the DOE doing to maintain that U.S. competitive advantage on super conductivity technology and it will have a major impact on energy, generation, transmission, storage in light of the substantial (inaudible) government investments to push technology in the commercial products?

What is DOE doing with...

CHU: We -- we, in the Department of Energy, we support research and support technology -- super conducting technology primarily in the Office of Science where we continue to do this. Many of the discoveries made in super conductivity and the understanding of developing out of United States, we think that this has great promise and we'll continue to support that research.

GREEN: I'll probably get a letter to you and ask you about that because having watched what happened with another Dr. Chu at the University of Houston for many years and the success that you've done both with state funding and with federal funding, and I appreciate it.

The president's F.Y '13 budget includes an interagency study that the DOE, EPA, and U.S. Geological Services are partnering on to examine environmental and health effects of hydraulic fracturing. Can you explain the purpose behind this study and how is this different with what the EPA's been already doing and then what has your Energy Advisory Board has already addressed. That combination of the inter- agencies compared to EPA has done and what the Department of Energy has already done with their advisory -- Energy Advisory Board?

CHU: Right. The subcommittee, the Secretary of Energy Advisory Board felt that the Department of Energy in -- in collaboration with other agencies, notably USGS would be in a good position to help industry develop a natural gas and -- natural gas and oil resources safely.

We want to see those resources developed. But we want to see them developed in an environmentally safe way. So, we're requesting funding to help -- help the companies extract those resources in an environmentally, responsible way.

GREEN: And believe me, in Texas, we want them extracted safely. I know there's some things that we need to work on. The state law actually changed in Texas requiring posting of -- of the ingredients you know, although I know they already -- these companies already published them or had them available through (inaudible) requirement, but -- but would there be peer (ph) units stakeholder input into this code in incorporating it in the study?

CHU: Absolutely, we -- we -- we feel that this is using science to help develop new methodologies again so we can continue to extract natural gas but as we both agreed, in an environmentally safe way. And so it's this revenue rapidly improving technologies that I think you and I both agreed, can be done. GREEN: Carbon capture and sequestration companies constantly discuss the context that's used and possibly be used as carbon control technology on the EPA rules for utilities and refineries. The problem is, it's still too expensive to commercially be used. Can you describe current DOE carbon capture and sequestration activities?

CHU: Yes, I can but unfortunately, there's 47 seconds. I can do it probably for hours but let me just briefly say that we are very committed and focused to reducing those (inaudible) reducing them greatly so that one can continue using our fossil fuel resources.

GREEN: OK. Mr. Chairman, I know I'm out of time but CCS steel is not commercially viable but hopefully,

we can get to that point sometime before you get mandates there that we -- we at least the technology needs to be there. Thank you, Mr. Chairman.

WHITFIELD: Thank you very much. At this time, I wanna recognize the gentleman from California, Mr. Bilbray for five minutes.

BILBRAY: Thank you, Mr. Chairman. Secretary, I'm still very happy that you are where you are not just because you're Californian but you've been brave enough to stand up on energy issues that were politically incorrect pointing out the great, short falls with ethanol and the great opportunity of nuclear power and I'm glad to hear you talk about the small gas-cooled reactors.

Hopefully, the initiative with the United States Navy and navy bases will look at that opportunity. In San Diego, we have 20 nuclear reactors within a mile of downtown San Diego be run by 20 something- year-old kids. But we can't power out streetlights with it yet.

So, but let me just say this, I think there's a lot of partisan cheap shots always go back and forth across here. So, let me try to bridge the gap and find a place where Democrats, Republicans, Independents, and Americans across board can agree and most importantly, you.

You agree that the crisis with finding a replacement for gasoline is a supply, how clean it is, and the infrastructure to be able to distribute it. Major problem; I'm a big ethanol guy opposed to it. And the environmental issues and the supply issues and the infrastructure issues, I have a real problem with.

But algae which I have supported strongly is very clean but we don't have supply and won't have supply in a long time, and it is compatible with the -- with the infrastructure. But we have natural gas which we have massive sources of, it is super clean, it is even cleaner than propane which is permissible under federal law to be used in interior spaces. And the thing we missed out is that 85 percent of the urban homes in America are plumbed with natural gas. The infrastructure is there.

The trouble is, you have a three-foot barrier between the water heater and the car parked in the garage. And we have not bridged that gap. And all of the money we have spent and were proposing to spend; are you looking at what we're doing for research and development of home dispensing to allow the American consumer not 20, 30 years from now, but 10 years from now to be able to say, "I don't wanna fill up with gasoline. I'm gonna spend -- I'm gonna plug in my car and fill up with natural gas over the night."

What in your budget is committed to bridging that three-foot gap between the automobile and the energy independence in the next decade and the water heater that 85 percent of city dwellers use today?

CHU: I'm very glad you asked that question. The programs we have on our budget are in energy efficiency, renewable energy, and also on RPE. Specifically, what we're doing about that and I share your excitement that our abundant natural gas in the United States which looks to remain at low prices for at least another decade or two, has a great opportunity to help with the transportation cost -- to reduce the transportation cost.

And so, what we're specifically doing in terms of the home use is that right now, the barrier is beyond that wall, it's the cost of the natural gas tank. Honda Civic sells -- Honda sells Honda Civic on natural gas but that carbon tank is very expensive. So, we are...

BILBRAY: You tell me, the tank in the vehicle?

CHU: In the vehicle.

BILBRAY: I'm not -- I'm not talking about the tank in the vehicle. I drove a natural gas with that tank in

1992. This isn't brain surgery. I'm talking about the home-dispensing pump that will be able within the nighttime, six hours, bring the pressure up from the home into the tank in the car. Is there anything in your budget that specifically is addressing on an aggressive attitude towards that home-dispensing pump? So, they can buy it at -- they can get it at their house every night?

CHU: Yes, yes, there is but I was taking too long to explain it. So the short answer is, the commercially available pump has been able to pump to 3,500 pound per square inch -- 4,000 pounds per square inch. It's very, very expensive and after 3,000 cooled in gasoline models that has to be refurbished for another a couple of thousand dollars.

So, it's like \$6,000 for that dispenser and then after a while, you got to send it back to the factory. The tank we're trying to develop is something where they can allow compression at not 3,500 pounds per square inch but maybe several hundred pounds per square inch. We know that when you decrease the pressure to that, and still have the range, and then things become very inexpensive and accessible. And so that was what I was trying to get at.

BILBRAY: Isn't it true that if we have home dispensing, the big advantage with this is flex fuel. You do not have to have twin systems in the car. The same system that would burn natural gas has the ability to burn regular gasoline with a flip of the switch.

CHU: That is true. You just need two tanks. One for the natural gas and one for the... BILBRAY: Right. But you don't have to have separate motors.

CHU: That's correct.

BILBRAY: Thank you.

WHITFIELD: The gentleman's time has expired. The gentleman from Pennsylvania, Mr. Doyle is recognized for five minutes.

DOYLE: Thank you, Mr. Chairman. Secretary Chu, thank you and thank you for being with us today

Mr. Secretary, the National Energy Technology Lab in Pittsburgh is funded by your department's Office of Fossil Energy, and unfortunately the president's F.Y. '13 budget request continues the very troubling trend of decreasing the department's fossil energy budget.

A large portion of the research at the NETL is in advance coal technologies. In F.Y. 2010, the coal portion of the coal fossil energy budget was 404 million, but the F.Y. '13 request is only 240 million representing a 41 percent reduction in funding for advanced clean coal in R&D.

Specifically, the president's F.Y. '13 request zeroes out critical research in fuel cells and fuels programs and significantly reduces funding for carbon capture, carbon storage and advanced energy systems and crosscutting research. Some of these cuts appear to be especially poorly timed.

Mr. Secretary, are you aware that the EPA is preparing to issue a proposed rule any day now setting a mission limits for green house gases from coal-fired power plants?

CHU: I'm not sure the exact coming (ph) of the EPA schedule.

DOYLE: But it's imminent. And to the best of your knowledge, Mr. Secretary, that will require coal-fire powered plants to either capture their carbon emissions or utilize free combustion technology that allows them to admit less carbon to begin with, yes or no?

CHU: I think it's mostly my -- I have to get back to you on the exact ruling that the EPA is contemplating and see it so.

DOYLE: Well, I guess what I'm trying to say is, we can't have it both ways here. I support EPA's effort to reduce greenhouse gases, but if the administration's gonna issue a regulation requiring carbon capture and sequestration from power plants this year, can you explain to us why the budget request for carbon capture and sequestration is the lowest this administration has ever requested?

CHU: Well, we are very supportive and I'm personally very supportive of carbon capture and sequestration as you probably know and so, and we think -- and we think this is still a very important part of what we do in the Department of Energy, we remain committed to developing the technologies to lower the cost, so we can continue using our abundant fossil fuel.

DOYLE: Well, it just seems to me that if we're gonna ask our power sector to reduce their greenhouse gas emissions which I support, but at the same time, we're nearly eliminating the research funding for the technologies that do this. I just think it's not fair or there's a lack of coordination going on between EPA and-- and the Department of Energy.

Mr. Secretary, let me ask you another question. This administration has championed regulations to reduce pollution from power plants and from idling trucks. One way to do this is using solid oxide fuel cell technology, which is being developed thru the Solid State Energy Conversion Alliance in the Office of Fossil Energy.

This programs developing and commercializing technology to produce highly efficient power from natural gas and eliminate idle -- idling emissions with auxiliary power units. Seeing as this technology could be used to meet regulations coming from the administration, can you explain to us why the funding for this program was eliminated in the president's F.Y. '13 budget?

CHU: When solid oxide fuel cells have made tremendous progress, we -- we we're very excited about this. There is the -- both major and the smaller companies that are heavily investing in this, and we think it's evolving to the point where the private sector is taking this over rather well, and so, we actually applaud the development.

Most of the applications, by the way, of solid oxide fuel cells will be stationary applications auxiliary power and other things, but we -- we are -- we do like that.

DOYLE: Well, Mr. Secretary, you probably know South Korea has made solid oxide fuel cells a major part of their clean energy plan, and we've just completed -- not with my vote a free trade agreement with South Korea resulting in lower tariffs and quotas and easing trade relations. Are you concerned that eliminating support for this technology here in the United States will drive that industry overseas to South Korea?

CHU: I certainly hope not, I think, but if I look to the United States and the manufacturers in the United states, for example, United Technologies, Rolls-Royce America, others -- some very significant players in the development of the solid oxide fuel cell technology. And so, we're very hopeful that the United States can manufacture these -- these fuel cells and sell them not only in the United States but abroad as well.

DOYLE: I hope that's right. Mr. Secretary, thank you for your time. I appreciate you being here. I yield back.

WHITFIELD: This time, I recognized the gentleman from West Virginia, Mr. McKinley, for five minutes.

MCKINLEY: Thank you, Mr. Chairman, and I do respect the time, I'm a little concerned. One of the -- the Department of Energy was formed in 1977 under the Organizational Act of 1977. There were a couple of -- three paragraphs I found interesting with it. The first was it -- it was set up to -- because the increasing

dependence on foreign energy supplies presents a serious threat to the national security in the United States, health, safety and welfare of its citizens.

It was also charged to say (ph) to provide for a mechanism to deal with a short, mid and long-term energy problems, OK, of the nation. And I think we can see a long-term we're going with renewables -- short-term, I think we should be worried about coal.

That the -- the third is, to foster the continued good health of the nation's small business firms, public utility districts, municipals utilities, private corporations, private cooperatives involved in energy production.

Mr. Secretary, I think you've gone away from those principles. I think you've allowed what we heard earlier with some of the testimony about the -- the use of the EPA -- their predictions of their green house gas, closures of plants that were talked about here that -- that there were said that the EPA sets only this level. So, based on this level compared to all the other national organizations, EPA has been emboldened to continue to drive for greenhouse gas emissions when all the others are saying, if you do that, you're going to see the closures that are occurring like this, all across America, that this questioning, they're challenging the reliability of our energy across America, based on that information?

I think we ought to -- I'm concerned that whether or not you have in fact the real interest in reigning in a rogue agency that is allowing this kind of activity without -- based on science and agreeable comprehensive knowledge of how all the other people are looking at it across America.

I want to -- I go back to your remark that you made it at Nettle in Pittsburgh, when you said, I want all of the above. I applaud that. I just wish you were back with action, because I'm still going back. I wanna go back to your statement that you made back in '07, when you said, "Coal is my worst nightmare." Coal is my worst nightmare.

And we have the -- we have the -- colleague here, hear from Harry Reid, coal makes us sick, oil makes us sick. It's ruining our country; it's ruining our world. Coal and oil is -- are those the facts that -- is that --is that the mindset of why on a short-term goal -- you've abandoned that and cutting the research money, as Mr. Doyle had just said, 41 percent reduction and spending on R&D in the coal.

I'm -- I -- I'm awed, I -- I-- I just can't comprehend where this administration and you and your leadership are with it. With all due respect -- with all due respect, Mr. Secretary, I think the DOE and the EPA have become the worst nightmare for the working men and women in our coal fields across America.

What you're doing is challenging them, causing them to not know whether tomorrow they're gonna have a job. I really do hope you go back to the requirements of the DOE and look at the short-term requirements and those short-term requirements look at coal and taking care of the families for the life, safety and welfare of the American public and our national security.

CHU: Let me try to explain what I said, that was taken off context that -- the quote, and what I said is that coal as it's being used today -- as it's being used today in China and India, and everywhere around the world in terms of its pollutants is a big worry of mine. And so, that's why when I -- even before I became secretary, but certainly, after I became secretary, we've been very committed to developing those technologies -- to bring the prices down, so that we can continue to use those resources.

MCKINLEY: Mr. Secretary, you'll be able to get back to Mr. Doyle when the others can be able to explain how we have a 41 percent reduction with National Energy and Technology. Let me just end the just 36 seconds (ph), will you be able to get back to us as to what we hear a lot of folks on the other side talking about how fossil fuel particularly coal is subsidized, can you -- will you be able to tell us how American coal companies are being subsidized?

CHU: Well, I'll be glad to get back to you on that.

MCKINLEY: Thank you very much. I yield back.

WHITFIELD: Thank you. At this time, we recognize the gentleman from New York, Mr. Engel, for five minutes.

ENGEL: Thank you very much, Mr. Chairman. Mr. Secretary, let me first say that I'm -- I'm one person who's followed you, and I think you're doing a fine job, and I think your agency's doing a fine job, and I think there have been a lot of political cheap shots at you, unfortunately, and the administration from the other side of the isle, and I just don't think that's reflective of the job that you're doing.

So, I wanted just to say that. I wanna also spend the next minute talking to you about an issue that you and I have spoken about in the past, and that's open fuel standard for cars. I believe and I'm doing the bill with Mr. Shimkus, that every car produced in America should be a flex-fuel car.

I believe that a car can run on ethanol, methanol, gasoline, natural gas, whatever -- competition helps bring down prices, and it would bring down prices. I've seen that happen in Brazil, and I think it could happen here, and I would hope, and it would cost \$100 or less per car -- not to manufacture a car with -- with flex-fuel features.

So, I would hope that -- I know the president has issued the Executive Order to have the federal fleet be flex-fuel cars, and I would hope, we can continue to move in that direction. So, I would just like you to briefly comment on that.

CHU: Certainly, the ability have -- on a flex-fuel vehicles especially if the cost of a new car would be something as you indicated \$100 or less gives the American consumer more options that it makes them work -- in control of what they can do in terms of -- just in case the world oil price does increase. As we said, we're very concerned about the price of gasoline and one of the options that we have to bring relief to the American public is to allow them to have a diverse sources of energy for transportation, and a flex-fuel vehicle allows that.

Natural gas, also very enthusiastic about and so, the ability to have this conversion, you can fill up with natural gas or with a higher blends of ethanol is something that will help American businesses and consumers.

ENGEL: Thanks, thank you very much. I couldn't agree more.

Let me ask you about energy -- renewable energy investment, a survey of global climate policies like Georgia Bank (ph) included that clean-tech innovations are more likely to emerge and succeed in Brazil, China, India, Germany, and the UK, and they are in the US. These countries have used a combination of investments in national energy standards, feed-in tariffs standards, and a price on carbon. According to Ernst & Young, China now leads the world as both the largest source of and destination for clean energy investment. China tracked at 54 billion clean energy financing in 2010, which is 39 percent increase over '09 and such financing in the US stagnated last year at 34 billion, approximately equal to 2007 levels.

You have budget proposes to invest in energy efficiency, renewable energy technology science and clean energy research development and deployment, and it eliminates 40 billion over 10 years in tax subsidies of big oil with which I agree -- big oil is making record profits, and they don't need the tax subsidies.

However, some people have argued that if you eliminate subsidies for big oil, it means the government is wrongly in the business of taking winners or losers. They say, I don't agree, but they say that if we remove the subsidies from big oil, then out of fairness, we should remove subsidies from every other specific industry or business -- green technologies or whatever. How do you respond to this?

CHU: Well, I think the government over the past decades really over the past century has always looked at subsidies and tried to --- and some part of the Congress and the president's who tried to decide what will be the appropriate subsidies, but also how long.

These subsidies do -- have been used in the past to encourage new industries to get started. And so, the oil subsidies have began roughly 100 years ago and for the expressed intent of actually helping this industry get started, but as you pointed out, they are making -- doing very well on their own.

ENGEL: Yes, but they did make 137 billion last year, I mean God bless them, but I don't think that they need any help from the government anymore. Let me ask you this, about two-thirds of the Department of Energy's budget is directed at nuclear weapons or nuclear cleanup activities, and there were some who argue that those activities would be better handled by the Department of Defense, by DOD, how -- how do you respond to that? CHU: Well, I respectfully don't agree with that. I think the nuclear weapons and the nuclear cleanup is a very -- needs a very science-based approach to this that we have felt those since the Manhattan project -- a lot of expertise, I think that we should continue to have them within the NNSA and also within the Department of Energy to the Department of Management.

ENGEL: Again, thank you very much, Mr. Secretary. And again, thank you for the good job.

WHITFIELD: Right now, is a gentleman from Colorado, Mr. Gardner, for five minutes.

GARDNER: I thank the chairman for his time and thank you Secretary Chu for your time in testimony today.

A couple of questions, we heard our colleague from Massachusetts referred to the impact the strategic control and reserve had on the price of oil, it did -- when that was released -- it released -- it reduced the price of gas at the pump.

CHU: Cause and effect, certainly after -- you're talking about the last...

GARDNER: Yes, in June of 2011, the price did drop.

CHU: Yes.

GARDNER: OK. Thank you, and is the president considering releasing, you said it before, he's considering releasing the SPRO right now as a respond to gas prices.

CHU: As we said that -- that option remains on the table.

GARDNER: Is the SPRO intended to be used only during times of severe supply disruptions and real emergencies?

CHU: There is -- it's a little more complicated than that, but that is the primary use. There are also...

GARDNER: Yes, do those circumstances exist now?

CHU: It's a -- let me just finish -- certainly, the primary uses of -- for supply disruption -- there's also issues for a severe economic disruption.

GARDNER: Due to a severe energy disruption, correct?

CHU: Not -- well, for example, we've released SPRO before when there was a (inaudible) hurricane.

(CROSSTALK)

GARDNER: (Inaudible) Hurricane Katrina, correct?

CHU: Yeah. GARDNER: Do we have a hurricane that's taken the refineries out now?

CHU: No, we don't.

GARDNER: Thank you. The president said yesterday that the only situation to high --the only solution to high gas prices is decreased demand. Last year though, together with our allies 60 million barrels of the world's strategic reserve was released. The price of oil dropped at \$4 from \$95 and even though it returned to \$95 six days later, supply made a difference. Don't you agree?

CHU: I think the supply did make a difference, but I...

GARDNER: Effective on July 14, 2008, when President Bush lifted the moratorium, the price of oil dropped \$9, more than two times the drop from the SPRO release last year, and it kept going down even though people knew that the increase supplies will not come on line for years. The anticipation of supply made a difference, didn't it?

CHU: That is true.

GARDNER: If long-term decrease demand has an effect on price then don't the basic laws of supply and demand dictate there's still a long-term increased supplies?

CHU: That -- that -- I absolutely -- long-term.

GARDNER: So, if you're going to pursue short-term policy's such as using the SPRO from our co-manipulation (ph), shouldn't you add a minimum, a couple of that with long-term supply solution such as increased production?

CHU: Well, as you yourself pointed out the -- the primary uses of the SPRO are to deal with supply interruptions and other economic emergencies.

GARDNER: So, supply -- we need a long-term supply solution because you've said that supply matters.

CHU: We do. We need a long-term supply solution...

(CROSSTALK)

GARDNER: And we need an increased supply at that point. Is that correct?

CHU: ...and the world-- the world needs it -- the world needs a long-term demand solution as well -- to moderate our demand.

GARDNER: If you increase supply, it will decrease cost. That's what you've admitted to, that's what the SPRO did. Is that correct?

CHU: I agree they both supply and demand matter.

GARDNER: Thank you. Last year, when you drew down from the SPRO, oil prices were \$95, you haven't replaced those 30 million barrels, have you?

CHU: No, we didn't...

(CROSSTALK)

GARDNER: How do you plan -- how do you plan to replace those barrels now that the price of oil is even higher?

CHU: The -- there's a plan put forward in our F.Y. '13 budget over a period of years to begin to buy back that oil.

GARDNER: You're buying back that oil, but not increasing production -- what about the royalty-in-kind program. Secretary Salazar's office was in charge of it.

CHU: I'm not familiar with that.

GARDNER: You're not familiar with it. Will you meet with Secretary Salazar to reinstate the royalty-in-kind program, so that these barrels of oil can be replaced before you draw down again?

CHU: I will certainly get informed of the situation.

GARDNER: Would you please report to us about your...

CHU: Sure.

GARDNER: ... conversation with the Department of Interior?

Based on what the president said yesterday -- this morning at a press conference, he called a phony to try to get down to (inaudible) gasoline. Is it phony to want to reduce the price of gasoline?

CHU: I think the president is very clear as I have been very clear, we do want the price of gasoline to go down.

GARDNER: And we need to do that by increasing supply as you've said, by releasing the SPRO or perhaps increasing domestic production.

CHU: Well, as -- as the president has pointed out, it's made people in this -- in this such that I pointed out -- the supply-- the United States supply -- and by itself is not going to equally affect the world's demand, but...

(CROSSTALK)

GARDNER: Would also like to release the SPRO (ph).

CHU: ...but it -- in itself it doesn't control it, we...

(CROSSTALK)

GARDNER: ...supply, you -- you -- you said that increased supply decreases price as simplified by SPRO.

CHU: But as you all know, the production of U.S. petroleum product -- petroleum has increased over the last eight years and yet, the prices...

GARDNER: So, the SPRO didn't then cause gas prices to go down like you just said it did, we --we know it did, and you've said that supply cause SPRO to go down.

CHU: You know, SPRO release caused -- there was a short-term if you look at the...

GARDNER: Because of the supply and fusion into the market.

CHU: No, I -- I -- I think it...

GARDNER: It wasn't supply.

CHU: If you'd let me finish, I will -- so, what happened in this...

WHITFIELD: Sorry, the gentleman's time has expired. At this time, right now is the gentleman from Washington State, Mr. Inslee, for five minutes.

INSLEE: Mr. Secretary, if you'd like to finish your answer. You weren't given an opportunity, go ahead if you'd like to -- to do that.

CHU: Yes, very quickly, the SPRO was met, and during that release in an international coordinated release in the IEA, the SPRO was meant to deal with the temporary disruptions in supply with Libya. And -- and now, would be -- is coming back in petroleum reserves, and -- and the SPRO release was served its intended purpose.

INSLEE: Mr. Secretary, I appreciate the work you're doing on advanced forms of energy. Bill Gates was at our advanced energy research consortium last week talking about the need for greater national investment. And I certainly echo that, and I appreciate you to the extent possible advancing that cause.

I want to ask you specifically about biofuels, there's a potential bioreactor, we're looking at various bioreactors either commercial or pre-commercial, we're ready to go out in the Northwest. Could you comment, I -- I obviously like you to come on take a look at our state opportunities in that regard, what should be in the near term for bioreactors?

CHU: Sure. We think bio -- the idea of making transportation with good fuel using biological sources is -- has great promise, and the Department of Energy over the years has been supporting this, and we think that these -- these technologies do have, you know, it's from algae from grasses, from using residual, agricultural waste, all these things have the potential again, of having alternate supply of transportation fuel that would go further to our oil -- less dependency on oil and less -- especially less dependency on foreign oil because these things can be made in the United States. INSLEE: So, we like the idea of biorefineries a product designed by targeted growth companies in Seattle was the first biofuel that partially fueled our jet Boeing 747. It flew across the Atlantic Ocean last summer, first ever in human history.

So, we're looking at Washington State Universities and others are leading the consortium going the last airlines to work for a biorefinery out in the Northwest. So, what could you advise us to try to make sure the Department of Energy looks at State of Washington as far as the opportunity there?

CHU: We will certainly look at that particular project -- we're looking at all the projects, and they have real avid interest in this because I think it does have great potential for decreasing our dependency in oil, and we will need to look at transportation fuel in the coming decades, and I would say that in this century.

INSLEE: I think you will find out in the Washington State probably about as an advanced consortium from the genetic designer, to the grower, to the aeronautics company ready to accept delivery. You're gonna find a very welcome network for this pre-prepared for this adventure, and I hope you will take a good look at Washington State.

One more question from Washington State, we have some very good success out of the Hanford site, we're freeing some land now to be ready for development and your agency is moving forward to allow that 1,600 acres to be allowed for commercial development -- very excited about that because we need that transition from a cleanup to new industries in tri-cities.

We're told that it could be a year and a half before we actually get that done. We hope that you can do anything you can to expedite that transfer because we got some companies looking at good things and -- in

the old Hanford site. I hope you could take a look at that to expedite that.

CHU: I'll look at that.

INSLEE: Last, I just wanna -- I wanna thank you, I haven't agreed with everything you're doing there, we have a disagreement on our Yucca issue. I won't bring that up today, but I just wanna thank you.

I've got a 1-month old granddaughter, and I wanna thank you for your efforts giving her a shot to enjoy the world when she's my age at 61 that looks something like the one we've got here today. One of the -- my friends across the aisle talked about something ruining the world, and you're doing some work to make sure it's not ruined by the time she's 60.

The work you're doing on solar energy is spectacular. You look at the Alto (ph) company, the world's most durable solar cell made in Marysville, Washington, the Silicon Energy Company, REC, Nanocyst doing advanced nano technology for lithium-ion battery storage, Energy tube (ph) company doing ultracapacitors. These are spectacular things you're doing, and because of your success, which I believe we're gonna have, my granddaughter is gonna have a shot at having a world that looks like the one we've got.

And I know, you're going to be catching a lot of ills in your back for those who are naysayers and believe that a negative voice is the American one. I believe a positive voice is the American one and we're gonna grow this economy, and we're gonna give my granddaughter a shot and everybody else's at a world that looks like ours.

So, I just wanna thank you and keep it up.

CHU: Thank you.

WHITFIELD: The gentleman's time has expired. This time, I recognize the gentleman from Kansas, Mr. Pompeo, for five minutes.

POMPEO: Thank you, Mr. Chairman. Thank you, Secretary Chu for being here today.

I -- I want the world to look great for my son as well, and to do that, I think we have to do things that work and so, I'm gonna ask you about some projects, places that your budget is intending to spend money and talk about whether they're working or not in the president's budget. I assume your handy work -- it says that the goal is to have 1 million electric vehicles on the road by 2015 -- is that correct?

CHU: That's correct.

POMPEO: How are we doing?

CHU: Pardon?

POMPEO: How are we doing? Are we on track to make that goal?

CHU: Well, we're gonna wait till 2015, but in terms of what's happening both technically, I think things are developing, and I remain hopeful.

POMPEO: You are -- we're gonna make it? How -- how many do we have today? How many electric vehicles on the road today?

CHU: I don't know the exact number. I'm gonna get back to you.

POMPEO: Less than a million by multiple orders of magnitude. Is that right?

CHU: It's certainly, significantly less than a million.

POMPEO: Would the administration support higher gas prices to achieve this goal of 1 million electric vehicles on the road by 2015?

CHU: The administration wants lower gas prices.

POMPEO: Your actions belie those words in my judgment, but I appreciate that you state that as your objective. The president said, he'd buy a Chevy Volt. He said he'd buy one five years from now when he's not the president anymore. I'm not sure about the timeline, but in that event. Last week, he announced that he -- Chevy -- Chevy (inaudible) that the Volt would be suspended from production because of demand, temporary lay out of workers. How many taxpayer dollars have gone in support of the Chevy Volt?

CHU: You know I don't know. I know that the Chevy Volt is a -- is a great car. I think, you know, there's a huge investment by GM and leaders from GM to invest on this, and -- and right now, I'm still very hopeful that the Chevy Volt will be adopted.

POMPEO: Well, I appreciate it, we get back to -- to let -- let this committee know how my -- how much money has been expended so far in the Chevy Volt. Do you drive one?

CHU: No, it's -- I don't own a car at the moment.

POMPEO: Sure enough. Let's go...

(LAUGHTER)

... let's go -- automotive received a -- over \$500 million in DOE loans in 2010, you cut off the funding last May, because it did not meet the sales target for which that was one of the stated reasons for the cutoff of the loan, if I understand it correctly. Do you think we're looking at another Solyndra?

CHU: Well, it's much more complicated than -- which is -- is that we have a milestones within our loan program of -- and as we disperse funds of any of our -- people we give loans to. We work with the companies and -- and do that and so, you know, we're hoping Fisker can work to us -- the things -- temporary blips and -- and continue.

POMPEO: I hope so too. How much exposure does the United States taxpayer have to Fisker today?

CHU: I can get back to you on the exact number.

POMPEO: Great. I appreciate that. Just -- just so you know, it was sometime before I was here, but we -- we heard the same reassurances about Solyndra up and through times that DOE was still making loans and advancing money against those credits. We still -- we heard that you were monitoring, watching, taking good care that that money be repaid to the Treasury and that's not gonna happen. So, I -- I hope that you're right about this (inaudible) that the taxpayer doesn't end up another \$500 million short.

Thank you, Mr. Secretary. I appreciate your time today.

CHU: OK, thank you.

WHITFIELD: Mr. Secretary, we appreciate your time. Unfortunately, we have four votes on the floor, and we do have about four members that wanted to come back to finish asking questions, and I was wondering,

would you be able to be back here at 15 to one for a little while or not.

CHU: I just heard from my staff that we've agreed to do it. I -- I was worried about another appointment.

WHITFIELD: Yeah, you know, I understand, and we appreciate it and as you know we have some of the finest restaurants here in the Rayburn Building and so, if you wanna get something to eat, and -- but we'll be back just as quickly as we possibly can and we do thank you for your time and there may or may not be four coming back, but thank you very much.

CHU: Thank you, Mr. Chairman.

(BREAK)

WHITFIELD: You're not leaving are you?

You stood in line at the Deli?

Well, thank you so much for your patience, and I'm not even gonna wait for our friends on the other side of the aisle, I'm just gonna recognize Mr. Griffith for West of Virginia and for five minutes.

GRIFFITH: Thank you, Mr. Chairman. Thank you for coming back Secretary Chu. Those of us at the end of the list, I appreciate it very much.

As you know, the United States is blessed with huge coal reserves, and I note with some interest that these technologies become available, that the coal to gas -- coal liquefaction, I think is becoming more affordable in the world market place. And in fact, South Africa gets just about a third of its gasoline from coal to oil processes, and in fact, the president when he was a senator on two different occasions introduced legislation to do just that.

So I guess, my question is, what do you see the Department of Energy doing to help get coal to liquids to play a vital and additional role in the supplied gasoline in the United States?

CHU: Well, first, we agree the United States is (inaudible) with great fossil-fuel resources, and we are looking at the potential for both coal to liquid and gas to liquid. The issue, and we want to support research that would enable -- if the issue is the high capital cost, the plants are very, very complex, and when I called to the oil companies, the -- you know, the Shell, Exxon, Mobil, and (inaudible) those, they -- they uniformly said that the very high capital cost is a problem. Now, having said that, we also of course want to have to do this in a way that on knowing doesn't even come up -- even without capturing the carbon, it's -- it's -- it's less marginal.

And -- and we would actually like to capture the carbon and in helping enhance our recovery and other utilization, but ultimately, we also need to capture the carbon.

GRIFFITH: Absolutely. And in that regard, these -- these bills that the president put in particular one in 2006 was actually a loan guarantee program, and I'm just wondering if any of the loan guarantees that you all do as part of the stimulus, help to defray any of the capital cost for any companies that might be looking to take coal and turn it into gas.

CHU: I'm just -- I think the one I know -- there's a few still going forward their -- their gasification and the use of the carbon dioxide again in Enhanced Oil Recovery, I think Southern has a project that's going forward on that.

GRIFFITH: All right. And of course, that brings me to Solyndra, and you know, you all have indicated that

what was happening in the Chinese market, you know, both your administration, and you have indicated what was happening in the Chinese market was not anticipated in 2009 when the loan guarantee was done.

One of the questions I have always had Secretary Chu is, that was known based on the way I heard your testimony over the course of the last year. That was actually no, no by late 2010, and certainly by February of 2011, and so it calls into question if you knew what was happening in the Chinese market and that the price was so low that Solyndra couldn't manufacture its product for the price that the Chinese were selling their products for, why the subordination?

CHU: You -- you're absolutely right by -- certainly by 2011, late 2010. We didn't know that Solyndra was in deep trouble. That there was -- by then, the price was...

GRIFFITH: But you also knew that the Chinese market had basically made them -- you may not agree, but it had made their products cheaper than Solyndra could produce their product they could sell their -- the Chinese could sell their product for less than Solyndra could produce their product for. Isn't that correct?

CHU: It is correct that we knew that Solyndra was in deep, deep trouble and there was a chance of bankruptcy, and when we -- in time to decide how to do this it was a judgment call on whether the fact the loan was for a project (ph).

GRIFFITH: And I know that you have said that before, and I respect you, but that being said, isn't it a fact that in late 2010 and certainly about February of 2011, when the subordination was signed off on (ph), when you look at the price of what the Chinese were able to sell their product at and the price of what Solyndra was able to produce their product at, the Chinese could sell cheaper than this -- than Solyndra could produce. Isn't that a fact?

CHU: That's correct.

GRIFFITH: OK. Thank you, I appreciate that very much. And I would also ask you in that same vane -- different -- different aisle maybe of the church, Chairman Upton and -- and Stearns recently sent you a letter on the loan program for pro -- Prologis, I hope I'm saying that right.

And Solyndra was to be the supplier for the first phase of that project, but then, Solyndra went bankrupt, why did DOE feel no one what they knew -- why did DOE feel comfortable including Solyndra in the first pay -- as the first pay supplier for Prologis at a time when you knew they were about to fold or knew that they were in serious danger folding even with the first subordination and -- but I know you were hoping that there would be the second August (ph) subordination for -- from outside money coming in, but why did you go forward with Prologis and say, "Look this ought to be your supplier?"

CHU: Well, first, we were uncomfortable with Solyndra being a supplier, quite frankly, and Prologis had a very small -- the initial one was Solyndra, but I was saying -- I believed the Prologis business plan (ph) was a very good one and I was very supportive of that alone. But, I was nervous if somebody went there now -- that Prologis should line up a plan B

GRIFFITH: All right. I thank you and I yield back. Thank you, Mr. Chairman. Thank you, Secretary Chu.

WHITFIELD: The gentleman's time has expired. At this time, I recognize Mr. Olson, from Texas, for five minutes.

OLSON: I thank the chair and Dr. Chu, I'd like to thank you for your testimony today, and especially for waiting for us to come back after votes. It's appreciated.

I'd like to ask you a few questions related to the electric grid, because as you are surely aware, the potential

for conflict between grid reliability it needs environmental rules is greater now than ever.

And in the interest of time, I'd appreciate it if you could simply answer yes or no to the following questions. Question number one, are you aware that under Section 202 of the Federal Power Act DOE can issue emergency orders to require a generator to run?

CHU: Yes, I'm aware of that.

OLSON: That's what I thought, sir. Thank you.

Question number two, are you aware that generators compliance within emergency order could result in a violation of environmental laws and subject generators to incessant lawsuits, yes or no?

CHU: I'm aware of that.

OLSON: That's what I thought as well. Thank you.

Question number three, do you believe it is fair to make generators choose between complying with a DOE emergency order or complying with environmental laws and regulations, is that fair?

CHU: In -- in most instances, we believe that it does have to be an either or and so as -- as I said before, the Department of Energy's job is to make sure that there's a -- to help the private sector ensure that we have a reliable source of electricity for our businesses and for our citizens. OLSON: I'll count that the leaning (ph), not fair, but that question number four, that's what worries him out. Are you aware that this situation has risen twice in recent years where our generator was forced to pay environmental fines and settle incessant lawsuit because they complied with the emergency order through your department. Are you aware of that, yes or no?

CHU: I'm not sure candidly but-- but it may have occurred.

OLSON: It has occurred with a company called MIRA (ph) which is now Jena (ph), and two issues particularly found while I'm in San Francisco, California. I got some details but I'm not sure (inaudible) as well.

And my final question for you is, would you be supportive of efforts to remedy problem -- potential conflict between the federal laws?

CHU: I am very supportive of that. We don't want to order that s generator continue to be online to produce emergency backup power and pays federal punishment on the branch, and we're very eager to work through those issues.

OLSON: That is fantastic because I look forward to your support when I introduce legislation to address this issue in the upcoming weeks.

Thank you again for your patience, for coming back. I yield back, I commence my time.

WHITFIELD: Thank you Mr. Olson and Mr. Scalise, you're recognized for five minutes.

SCALISE: Thank you, Mr. Chairman. I appreciate you have in the hearing, Secretary Chu. Thank you for coming with us and for staying through the vote series, I appreciate that.

I wanna get into the, you know, I guess the different definition of an all-of-the above energy strategy, because I think while -- while we've been talking about and actually passing legislation on the House to implement all-of-the above energy strategies, so that we can not only create millions of American jobs, but

also lower prices of gas at the pump, and eliminate our dependence on Middle eastern oil.

The president has recently started talking about an all-of-the- above energy strategy, but if you look at the actual things that he's done, his policies have actually hurt energy production in this country. And I wanna start by asking you, you know, the president's out there boasting that, you know, energy production, oil production's never been higher as if he supports that when you actually look at the facts from what we've seen, numbers we've seen show that actual production on federal lands which the president has control over through his Department of Interior is down 11 percent.

In fact, in the Gulf of Mexico, it's down 17 percent. Have you seen any number similar to that to --to indicate just what's happening in areas where the federal government does have a jurisdiction?

CHU: I've seen numbers that I glean from recent speech (ph) that would glean from what...

SCALISE: The numbers that you've seen validating what I've seen that -- that there's an actual decline in production on federal lands.

CHU: I -- if you start the clock when President Obama became president, my number, the two numbers I've seen show an increase...

SCALISE: We've seen just from 2010 to 2011, an 11 percent reduction in oil production on federal lands.

In the Gulf of Mexico exclusively, we've seen a 17 percent reduction in oil production. Where the increase has come is on private lands and on North Dakota in the shale place, which by the way, the president's trying to shutdown through the EPA.

So, it's a little bit disingenuous for the president to go out there and say, he's for all of the above and oil production's never been higher when on federal lands where he's got an influence, he's actually used his influence to reduce production, and on private land where he doesn't directly have an influence, he's trying through the EPA to shutdown the fracking process, which would mean there would be a reduction there too, making us more dependent.

And so, you know, I'll go back to the comments that you've made in the past and the president have made in support of higher gas prices, you know in that, and in 2008 right after the president was elected, you said, and let me make sure some -- quote, "Somehow, we have to figure out how to boost the price of gasoline to the levels in Europe," did you say that?

CHU: I'm not sure. As I said before...

SCALISE: You said you didn't (inaudible) it's been a trivia, I mean, it's not the first time you've heard this, because many people have asked you...

CHU: You're right.

SCALISE: ... about it, and I've heard you confirm that you said it.

CHU: I said something very similar. I'm not sure what...

SCALISE: OK. Well, so -- so, the levels of the prices in Europe are what right now? I see \$8 a gallon.

CHU: I'm not sure what the date was, but everything I've done when I became Secretary of Energy and was named secretary of energy, was to help control and bring down the prices that get...

SCALISE: That hasn't happened, but if you look at President Obama's actual quote, President Obama said, he would prefer a gradual adjustment to near \$4s a gallon of gasoline. President Obama said that, and unfortunately, the president's put policies in place to have gotten us now for \$4 a gallon almost in gasoline prices. We've seen this -- \$1.83 when he started as president, it's over \$3.70 now.

So, the president has gotten his wish and people are furious, and it's killing the economy, it's killing jobs, and now, the people are furious. The president's trying to blame somebody else, but let's look at the record, you know, and if you look at what's happening in the Gulf of Mexico alone, we've lost about a dozen deep water rigs, billion dollar plus assets that have left the Gulf of Mexico, because they can't get permits because of the president's own policies.

Now, they haven't left to go to other places in America. They left the country. They're going to places like Egypt, you know, imagine, it's -- it's better to do business in Egypt than in America because of the president's policies.

We saw what the president did on the Keystone and Exxon pipeline saying no to that, you know, the president has implemented a policy that's actually reduced American energy production and supply. Now, of course, the president's been to Saudi Arabia, he's bowed down to their prince and said, you know, he's begged them for more oil. I understand you've been to Saudi Arabia as well and had similar meetings. Is that -- is that accurate, have you been to Saudi Arabia?

CHU: I've been to Saudi Arabia.

SCALISE: Asking them to produce more oil, what do you -- what do you...

CHU: Well, we certainly saturated the areas --one of the few countries...

SCALISE: But have you asked them to produce more oil?

CHU: Well, it's (inaudible).

(CROSSTALK)

SCALISE: Yes or no, and I'm -- I'm almost out of time.

CHU: Allow me to continue.

SCALISE: I don't have the time to delay. It's a yes or no question. Did you ask them to increase production?

CHU: We would -- we would like Saudi Arabia...

SCALISE: Mr. Secretary and I'm almost out of time, I apologize. I'm sure you'll have an opportunity to answer later, but you know, rather than going to Saudi Arabia, I've mapped it out. It's only a five-minute walk from your office to the White House.

I would suggest, instead of going To Saudi Arabia and asking them to increase production, go to 1600 Pennsylvania Avenue and ask the president to reverse his policies that have reduced production in America and made gas prices higher both with (inaudible) and the gulf where there's still no consistent policy to get permits, and it's killing production, we've lost a dozen rigs. They've left America. We've lost thousands of jobs because of that. Keystone Pipeline, we lost a million barrels from Canada that we now have to get from Middle East and countries who don't like us.

Just EPA attack on fracking, which is killing innovation. We talked to a company recently, an American

energy company who lost -- who left three billion dollars...

(UNKNOWN): (Inaudible) regular order.

SCALISE: So, I would just ask that you go and pursue the administration policies that are killing energy production and causing higher gas prices, instead of on the Saudi Arabia.

I yield back.

WHITFIELD: The gentleman's time has expired.

SCALISE: I yield back.

WHITFIELD: Now, Mr. Secretary, if you wanna kinda respond, feel free to do so.

CHU: Very, very quickly. We're talking about immediate spare production and Saudi Arabia is one of the few countries that has immediate spare production and to develop an oil field in the gulf takes years, at least, typically, five years, and to actually explore, refine the Gulf for this. And so, in the -- for immediate spare production, we think that would happen way of moderating price packs (ph) in the world -- oil market.

WHITFIELD: Well, that concludes today's hearing and once again, I wanna thank you and your staff for your patience, and I do wanna ask unanimous consent entered to the record a recent survey made in Nevada regarding the -- the public's news on Yucca Mountain without objection, that will be entered into the record and then, will keep the record open for 10 days for any additional materials that may be submitted.

And once again, Mr. Secretary, thank you, and we look forward to working with you as we move forward.

CHU: All right. Thank you, Mr. Chairman.

WHITFIELD: This meeting is adjourned.

END

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